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**Introduced by Senator Scott**

January 6, 2004

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An act to amend Section 11521.2 of the Insurance Code, relating to grants and annuities societies.

LEGISLATIVE COUNSEL'S DIGEST

SB 1088, as introduced, Scott. Grants and annuities societies: investments.

Existing law allows grants and annuities societies to receive transfers of property, conditioned upon their agreement to pay an annuity to the transferor or the transferor's nominee, after obtaining a certificate of authority from the Insurance Commissioner. Existing law provides that the reserve required for each annuity contract issued by a grants and annuities society must be invested in certain investments, except that a society may invest in securities listed and traded on specified exchanges to the extent of the lesser of the society's net worth or 10% of its general investments.

This bill would allow a grants and annuities society to invest in these securities to the extent of the lesser of its net worth or 50% of its general investments.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 11521.2 of the Insurance Code is  
2 amended to read:  
3 11521.2. (a) The reserve required by the table of  
4 commensurate values for each annuity contract issued must be

1 invested in investments specified in Sections 1170 through 1182  
2 except that a certificate holder may invest in securities listed and  
3 traded on the New York Stock Exchange, the American Stock  
4 Exchange or regional stock exchanges or the National Market  
5 System of the Nasdaq Stock Market or successors to such  
6 exchanges or market having the same qualifications, to the extent  
7 of the lesser of net worth (assets over liabilities and reserves) of the  
8 certificate holder or ~~40~~ 50 percent of ~~such~~ *these* general  
9 investments. This section does not permit investment in options or  
10 commodity exchanges.

11 (b) The certificate holder may invest in ~~such~~ other investments  
12 as permitted by and subject to the written consent of the  
13 commissioner.

